CNX Resources Corporation Announces 2018 Capital Budget of $790-$880 million and Operational Forecast; 35-Days of Data for the Aikens 5J and 5M Dry Utica Wells

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PITTSBURGH, Jan. 9, 2018 /PRNewswire/ -- CNX Resources Corporation (NYSE: CNX) ("CNX" or the company) announced today an updated 2018 capital expenditure forecast of $790-$880 million, excluding the recent acquisition of the general partner interest of CNX Midstream Partners LP (NYSE: CNXM) ("CNXM"). The 2018 budget includes $515-$580 million of drilling and completion ("D&C") capital and approximately $275-$300 million of capital associated with land, midstream, and water infrastructure. The 2018 D&C capital budget is allocated approximately 65% to the Marcellus Shale and 35% to the Utica Shale.

"CNX's updated 2018 capital plan reflects an industry leading balance sheet and the company's commitment to invest in high rate of return projects, which will result in substantial value creation in 2018 and beyond," commented Nicholas J. DeIuliis, president and CEO. "Our development program in 2018 is largely supported by our robust hedge book, which, as of December 31, 2017, has fully-covered volumes with both NYMEX and basis hedges of approximately 375 Bcfe, or 70% of 2018 production volumes, based on the midpoint of guidance. This de-risking of our revenue allows us to lock in attractive rates of return and confidently execute our development plans."

The company expects 2018 non-D&C capital for midstream, water, and land to drive future stacked pay development and further differentiate CNX's unique asset base. With CNX recently closing the acquisition to now control 100% of CNXM, stacked pay development has begun to directly impact the capital budgeting process and 2018 represents the initial investment required. This non-D&C capital is primarily driving production over the course of 2019, 2020 and beyond. The new stacked pay development lifecycle allows CNX to develop a single formation first and then come back on a pad to take advantage of existing, first formation, infrastructure. This development sequencing is essentially doubling the life and value of a field. As a result, rates of return on future development should benefit meaningfully from this infrastructure build-out as CNX capitalizes on the sequencing of dual formation development.

With the company's recent purchase of Noble Energy's general partner interest in CNXM, CNX has absorbed Noble Energy's 50% of capital contributions that they previously made to CNXM. As a result, CNX expects midstream capital in 2018 to be approximately $100 million. Much of the 2018 midstream capital will go towards building out development companies (DevCo's) outside of DevCo I, which will create future dropdown opportunities.

The company is increasing water capital in 2018 to approximately $75-$100 million, which includes building water infrastructure for two major stacked pay project areas that the company expects to be ready in the fourth quarter of 2019. This additional infrastructure will increase completion efficiencies by improving cycle times, resulting in additional production, lower costs per barrel, and lower future capital costs. Overall, the company estimates material cost savings by building out water infrastructure, compared to the alternative of trucking water. This water capital investment will benefit the company through future dropdowns of ownership interest into CNXM.

The company's 2018 land capital is approximately $100 million, which includes title, land acquisition, and permitting, in order to maximize future development. Land capital in 2018 will help CNX build out its core Marcellus and extensional stacked pay Utica areas that are part of the company's 5-year development plan. A negligible amount of land capital is associated with 2018 development, but instead, the capital that the company is spending in the current year is driving net asset value per share growth by securing future development beyond 2018.

CNX is maintaining its 2018 expected production volumes of 520-550 Bcfe, which equates to an approximately 30% annual increase, compared to 2017 expected volumes, based on the midpoint of guidance. CNX plans to run three rigs through the first half of 2018 and will add a fourth rig starting in July.

2018 Development Program:

	TD	Frac	Turn-in-line (TIL)
Marcellus			
Southwest Pennsylvania	55	37	41
West Virginia	5	5	5
Total Marcellus	**60**	**42**	**46**
Utica			
Ohio dry Utica (Monroe County, OH)	7	4	10
Southwest Pennsylvania	4	1	1
Central Pennsylvania	4	4	2
Total Utica	**15**	**9**	**13**
Total Marcellus and Utica Wells	**75**	**51**	**59**

In addition to the table above: CNX expects to drill and TIL 26 and 25 CBM wells in 2018, respectively.

Financial Guidance:

Based on current NYMEX natural gas prices, as of January 3, 2018 the company expects Adjusted 2018 EBITDA attributable to CNX of $845-$895 million. Also, CNX expects to continue its previously announced share buyback program, of which the company has bought back approximately $100 million to-date under the one-year $450 million authorization. The company continues to focus on maintaining a solid balance sheet and expects to finish the year under a 2.5x net debt to EBITDA leverage ratio.

Note: CNX Resources Corporation is unable to provide a reconciliation of projected Adjusted EBITDA to projected operating income, the most comparable financial measure calculated in accordance with GAAP, due to the unknown effect, timing, and potential significance of certain income statement items.

Dry Utica Results:

In late November 2017, CNX turned-in-line the Aiken's 5J and 5M dry Utica wells located in Westmoreland County, Pennsylvania, which had an average lateral length of 7,500 feet. Similar to the Gaut 4IH dry Utica well, which is offset to the Aikens wells, the company is utilizing managed pressure drawdown. Each well averaged approximately 25 MMcf per day for a period of 35-days under restricted choke, with an average flowing casing pressure of 8,830 psi. Cumulative production for both wells combined is 1.74 Bcf over the same period. The company believes that the pressure data provides a positive indication for production volumes and an estimated ultimate recovery (EUR). Total costs for the Aikens wells averaged $15 million each, which is a reduction of $13.7 million, or 48%, compared to the CNX's initial Gaut 4IH well. Based on these capital costs, strip pricing, and assuming the same 3.5 Bcfe per 1,000 feet of lateral EUR of the Gaut 4IH, the company expects average after-tax rates of return from the Aikens wells of approximately 50%.

"Given the continuation of extraordinary results of these dry Utica wells, at substantially lower capital costs, compared to our initial well, we have successfully proven the commercial viability of developing the deep dry Utica Shale in Pennsylvania," stated Timothy C. Dugan, Chief Operating Officer. "The future of dry Utica development is on the immediate horizon, and CNX will significantly benefit from stacked pay opportunities through leveraging existing pads, gathering and water infrastructure, and takeaway capacity. Also, stacked pays will give us the flexibility to toggle between accelerating and decelerating activity based on varying market conditions. Our dry Utica and stacked pay opportunity-set cannot be replicated and it gives CNX a tremendous competitive advantage."

Earnings call information:

CNX Resources Corporation will report financial results for the quarter ended December 31, 2017 at 6:45 a.m. ET on Tuesday, January 30, followed by a conference call at 10:00 a.m. ET. The call can be accessed at the investor relations section of the company's website, at www.cnx.com.

About CNX Resources

CNX Resources Corporation is one of the largest independent natural gas exploration, development and production companies, with operations centered in the major shale formations of the Appalachian basin. The company deploys an organic growth strategy focused on responsibly developing its resource base. As of December 31, 2016, CNX had 6.3 trillion cubic feet equivalent of proved natural gas reserves. The company is a member of the Standard & Poor's Midcap 400 Index. Additional information may be found at www.cnx.com.

Important Information about Company Names and Stock Trading Symbols

Effective November 28, 2017, the company known as CONSOL Energy Inc. (NYSE: CNX) separated its gas business (GasCo or RemainCo) and its coal business (CoalCo or SpinCo) into two independent, publicly traded companies by means of a separation of CoalCo from RemainCo.

- *The gas business, CNX Resources Corporation (RemainCo, GasCo or CNX), continues to be listed on the NYSE, retaining the ticker symbol "CNX". Information regarding CNX and its natural gas business is available at www.cnx.com.*

- *The coal business, CONSOL Energy Inc. (SpinCo, CoalCo or CONSOL), is listed on the NYSE under the ticker symbol: "CEIX". CoalCo owns, operates and develops coal assets, including the Pennsylvania Mining Complex, the Baltimore Marine Terminal, and approximately one billion tons of greenfield coal reserves. Information regarding the new CONSOL Energy and its coal business is available at www.consolenergy.com.*

- *The master limited partnership that was named CNX Coal Resources LP (NYSE: CNXC) has changed its name to CONSOL Coal Resources LP and trades on the NYSE under a new ticker symbol: "CCR". CONSOL owns 100% of the general partner of CONSOL Coal Resources LP (representing a 1.7% general partner interest), as well as all of the incentive distribution rights and the common and subordinated interests in CNX Coal Resources LP that were owned by CNX prior to the spin-off. Information regarding CONSOL Coal Resources LP is available at www.ccrlp.com*

- *Following the closing of CNX's purchase of Noble Energy's 50% interest in CNX Gathering LLC, which occurred on January 3, 2018, the master limited partnership that was named CONE Midstream Partners, LP has changed its name to CNX Midstream Partners LP and now trades under a new ticker symbol: "CNXM". CNX indirectly owns 100% of the general partnership interests of CNX Midstream Partners LP as well as all of its incentive distribution rights. Information regarding CNX Midstream Partners LP is available at www.cnxmidstream.com.*

Cautionary Statements

We are including the following cautionary statement in this press release to make applicable and take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for any forward-looking statements made by, or on behalf of us. With the exception of historical matters, the matters discussed in this press release are forward-looking statements (as defined in 21E of the Securities Exchange Act of 1934 (the "Exchange Act")) that involve risks and uncertainties that could cause actual results to differ materially from projected results. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. These forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future production, revenues, income and capital spending. When we use the words "believe," "intend," "expect," "may," "should," "anticipate," "could," "estimate," "plan," "predict," "project," "will," or their negatives, or other similar expressions, the statements which include those words are usually forward-looking statements. When we describe a strategy that involves risks or uncertainties, we are making forward-looking statements. The forward-looking statements in this press release speak only as of the date of this press release; we disclaim any obligation to update these statements. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks, contingencies and uncertainties relate to, among other matters, the following: the impact of the separation of the natural gas exploration and production company from the coal company on our business; the expected tax treatment of the separation; competitive responses to the separation; deterioration in economic conditions in any of the industries in which our customers operate which may decrease demand for our products, impair our ability to collect customer receivables and impair our ability to access capital; prices for natural gas and natural gas liquids are volatile and can fluctuate widely based upon a number of factors beyond our control including oversupply relative to the demand available for our products, weather and the price and availability of alternative fuels; an extended decline in the prices we receive for our natural gas and natural gas liquids affecting our operating results and cash flows; foreign currency fluctuations could adversely affect the competitiveness of our natural gas liquids abroad; our reliance on major customers; our inability to collect payments from customers if their creditworthiness declines or if they fail to honor their contracts; the disruption of gathering, processing and transportation facilities and other systems that deliver our natural gas and natural gas liquids to market; a loss of our competitive position because of the competitive nature of the natural gas industry or overcapacity in this industry impairing our profitability; the impact of potential, as well as any adopted environmental regulations including any relating to greenhouse gas emissions on our operating costs as well as on the market for natural gas and for our securities; the risks inherent in natural gas operations, including our reliance upon third party contractors, being subject to unexpected disruptions, including geological conditions, equipment failure, timing of completion of significant construction or repair of equipment, fires, explosions, accidents and weather conditions that could impact financial results; decreases in the availability of, or increases in, the price of commodities or capital equipment used in our natural gas operations; obtaining and renewing governmental permits and approvals for our natural gas; the effects of government regulation on the discharge into the water or air, and the disposal and clean-up of, hazardous substances and wastes generated during our natural gas operations; our ability to find adequate water sources for our use in natural gas drilling, or our ability to dispose of water used or removed from strata in connection with our gas operations at a reasonable cost and within applicable environmental rules; the effects of stringent federal and state employee health and safety regulations, including the ability of regulators to shut down our operations; the potential for liabilities arising from environmental contamination or alleged environmental contamination in connection with our past or current gas operations; the effects gas well closing and certain other liabilities; uncertainties in estimating our economically recoverable natural gas and oil reserves; defects may exist in our chain of title and we may incur additional costs associated with perfecting title for natural gas rights on some of our properties or failing to acquire these additional rights may result in a reduction of our estimated reserves; the outcomes of various legal proceedings, including those which are more fully described in our reports filed under the Exchange Act; exposure to employee-related long-term liabilities; acquisitions and divestitures we anticipate may not occur or produce anticipated benefits; our participation in joint ventures may restrict our operational and corporate flexibility, and actions taken by a joint venture partner may impact our financial position and operational results; risks associated with our debt; replacing our natural gas and oil reserves, which if not replaced, will cause our natural gas and oil reserves and production to decline; declines in our borrowing base could occur for a variety of reasons, including lower natural gas or oil prices, declines in natural gas and oil proved reserves, and lending regulations requirements or regulations; our hedging activities may prevent us from benefiting from near-term price increases and may expose us to other risks; changes in federal or state income tax laws, particularly in the area of percentage depletion and intangible drilling costs, could cause our financial position and profitability to deteriorate; failure to appropriately allocate capital and other resources among our strategic opportunities may adversely affect our financial condition; failure by CONSOL Energy to satisfy liabilities it acquired from us in connection with the separation, or failure to perform its obligations under various arrangements, which we guaranteed, could materially or adversely affect our results of operations, financial position, and cash flows; information theft, data corruption, operational disruption and/or financial loss resulting from a terrorist attack or cyber incident; operating in a single geographic area; with respect to the termination of the joint venture with Noble - disruption to our business, including customer and supplier relationships resulting from this transaction, and the impact of the transaction on our future operating and financial results and liquidity; and, with respect to our acquisition of the 50% interest in CONE Gathering LLC from Noble, disruption to our business, including customer, employee and supplier relationships resulting from this transaction and the impact of the transaction on our future operating and financial results. Additional factors are described in detail under the captions "Forward Looking Statements" and "Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission, as supplemented by our quarterly reports on Form 10-Q.

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